

## Message Text

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ACTION EUR-25

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E.O. 11652: N/A

TAGS: PINT, ELAB, IT

SUBJECT: TRADE UNIONS BEGIN "NEGOTIATIONS WITH GOI"

1. BEGIN SUMMARY. UNION LEADERS MET WITH PRIME MINISTER RUMOR MAY 2 TO PRESENT THE GOI WITH A SERIES OF UNION PROPOSALS FOR GENERAL ECONOMIC AND SOCIAL REFORM AND TO DEAL WITH ILL-EFFECTS CAUSED BY INFLATION. UNION PROPOSALS WERE NOT RIGID NOR NON-NEGOTIABLE. UNIONS, HOWEVER, EXPECT POSITIVE GOI RESPONSE AT FOLLOW-UP MAY 16 MEETING.

2. GOI/UNION ENCOUNTER THUS SEEMS TO BE TAKING ON CHARACTER OF PERMANENT DIALOGUE AND IN EFFECT NEGOTIATIONS. THIS POSSIBLE IN ATMOSPHERE OF RELATIVE UNION MODERATION, A MODERATION WHICH REFLECTS CURRENT CGIL POLICY, CLOSER CISL TIES WITH DC PARTY AND UNION RECOGNITION OF LIMITATIONS OF STRIKE WEAPON IN CURRENT ECONOMIC SITUATION. SHOULD GOI, HOWEVER, FAIL TO RESPOND ADEQUATELY TO UNION NEEDS THEY CAN BE EXPECTED TO MOVE TOWARD MORE MILITANT APPROACH. END SUMMARY.

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3. ON MAY 2 PRIME MINISTER RUMOR AND SIX CABNET MINISTERS MET

WITH SECRETARIES GENERAL (LAMA, STORTI AND VANNI) OF THE THREE MAJOR ITALIAN UNIONS WHO SPOKE IN NAME OF FEDERATION CGIL, CISL, UIL (CCU). OUTCOME OF LENGTHY EXCHANGE OF VIEWS WAS DESCRIBED AS POSITIVE BY GOVERNMENT MINISTERS. UNIONS WITHHELD JUDGMENT PENDING MAY 7 ENCOUNTER OF LABOR LEADERS WITH INDUSTRIAL AND OTHER CATEGORY UNION REPRESENTATIVES AND MORE DEFINITIVE MAY 16 RETURN ENGAGEMENT WITH THE PRIME MINISTER.

4. NATIONAL PRIORITIES OUTLINED BY UNIONS AT MAY 2 MEETING REPRESENT NO DEPARTURE FROM UNION GOALS OF PAST SEVERAL YEARS. UNIONS THIS TIME DID, HOWEVER, FOCUS MORE ON NEED TO AMELIORATE ILL-EFFECTS OF INFLATION. URGENT GOI ACTION WAS REQUESTED TO INSURE PRICE CONTROLS ON BASIC COMMODITIES, TO FREE LOW WAGE EARNERS FROM INCOME TAX LIABILITY, TO TIE PENSIONS TO WAGES AND TO FREEZE PUBLIC UTILITY RATES. UNIONS DID NOT HOWEVER PUSH FOR GENERALIZED INCREASES IN COST OF LIVING FORMULA (CONTINGENZA) AT THIS TIME. CISL AND UIL HAD FAVORED SUCH AN APPROACH BUT CGIL RETICENCE HAS CAUSED IT TO BE TABLED FOR THE TIME BEING.

3. UNIONS PLAYED ON GENERAL THEMES OF EMPLOYMENT, INVESTMENT AND REFORMS. INVESTMENT IN THE SOUTH HAS PRIORITY AND UNIONS CALLED UPON GOVERNMENT TO HELP ASSURE FULFILLMENT OF COMMITMENTS ENTERED INTO BY MANAGEMENT IN RECENT CONTRACT SETTLEMENTS (FIAT, MONTEDISON, ETC.). GOI ACTION IN CONSTRUCTION -LOW COST HOUSING, SCHOOLS, HOSPITALS, ETC. - CALLED FOR IN ORDER TO MEET GOALS OF REFORM AND INCREASED EMPLOYMENT. GOI INITIATIVES IN PUBLIC TRANSPORTATION ALSO EXPECTED. MASS PURCHASE OF PUBLIC TRANSPORTATION VEHICLES SEEN BY UNIONS AS ESSENTIAL TO CREATE NEW JOB AND INVESTMENT IN THE SOUTH WHILE AT THE SAME TIME IMPROVING NORTHERN CITIES. IN VIEW OF WORLD FOOD SITUATION UNIONS NOW SEE AGRICULTURAL REFORM AND PRICE FREEZE ON FERTILIZERS AS TOP PRIORITY MEASURE.

6. COMMENT: APART FROM SPECIFICS, MAY 2 MEETING NOTEWORTHY IN THAT IT INDICATES FULL GOI ACCEPTANCE OF DIRECT COUNCIL OF MINISTERS DIALOGUE WITH THE FEDERATION CCU. GOVERNMENT/UNION MEETINGS MAY ACQUIRE IMAGE OF ONGOING NEGOTIATIONS. UNION APPROACH WAS REASONABLE WITH NO ATTEMPT TO FORCE GOI DECISIONS BEFORE MAY 12 REFERENDUM. UNIONS DO, HOWEVER, RETAIN EXPECTATION OF GOI RESPONSE BEYOND AN AGREEMENT IN PRINCIPLE LIMITED OFFICIAL USE

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AT MAY 16 MEETING.

7. MODERATE UNION APPROACH DUE TO CONTINUED CGIL (BACKED BY PCI) POLICY OF RESPONSIBLE PARTICIPATION IN POLITICAL/ECONOMIC PROCESS. BASIC UNION DOCUMENT PRESENTED ON MAY 2 WAS PREPARED BY CGIL AND AMENDED BY CISL AND UIL. ALSO, FACT THAT CISL IS NOW MORE RESPONSIVE TO NEEDS OF DC PARTY CONSIDERED A FACTOR IN UNION MODERATION. UNCERTAINTY SURROUNDING DIVORCE REFERENDUM

CONTRIBUTED TO PROVISIONAL NATURE OF MEETING. FINALLY, 1974  
ECONOMIC REALITIES - INFLATION COUPLED WITH EMPLOYMENT  
ANXIETY - FORCE THE UNIONS THUS FAR TO EXERCISE CAUTION  
AND AVOID INDISCRIMINATE USE OF THE STRIKE WEAPON. THIS WEAPON  
WILL BE USED, HOWEVER, IF UNIONS PERCEIVE NO POSTIVE RESULTS IN  
SUCCESSIVE MEETINGS. INDUSTRIAL UNION APPROACH AS WELL AS  
PRESSURE FROM NEW RANK AND FILE ORGANIZATIONS IN THE FACTORY WILL  
BE ALL IMPORTANT FOR UNION EVALUATION OF GOVERNMENT RESPONSE.  
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